

~~TOP SECRET~~

25X1



29 June 1965

Copy No. 115
25X1

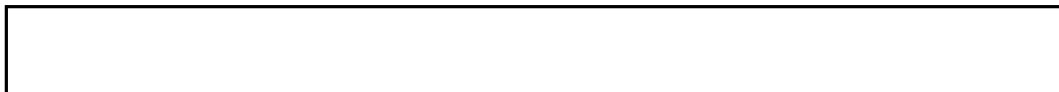
INTELLIGENCE MEMORANDUM

DEVELOPMENTS IN SOUTH VIETNAM DURING THE PAST YEAR

DIRECTORATE OF INTELLIGENCE

ARMY review(s) completed.

25X1



~~TOP SECRET~~

GROUP 1
Excluded from automatic
downgrading and
declassification

25X1

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
29 June 1965

INTELLIGENCE MEMORANDUM

Developments in South Vietnam
During the Past Year

Conclusions

The past twelve months have seen a number of changes in the conduct of the war in South Vietnam, notably the increased participation by both the US and North Vietnam. A trend of growing importance is the increased intervention by the Viet Cong in the economic life of South Vietnam, including in recent months an apparent effort to cripple the government in the economic sector. Overall, the economic situation has continued to deteriorate.

The past year has also shown a further development of the Viet Cong capability to mount and sustain large-scale military engagements, frequently in reinforced regimental strength. While more intensive than in the past, this larger-scale commitment of Viet Cong forces in combat reflects no marked change as yet in the essential guerrilla character of the Viet Cong military effort. The Communists continue to emphasize classic tactics of ambush and envelopment; they have yet to hold any important populated center, although the inadequacy of government reserves may enhance the Viet Cong's ability in this direction. The Viet Cong continue to rely primarily on erosive tactics, including widespread terrorism, harassment, and sabotage. Combined with political subversion, these tactics are serving to undermine and discredit government authority in the countryside. At the same time, however, there

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

are signs of growing antipathy toward the Viet Cong on the part of the rural population, who resent but are unable to resist the growing Communist burden.

The increase in government strength through stepped-up conscription and recruitment has been largely vitiated by continuing high desertion rates and heavy casualties. The increased US commitment during the past year boosted the morale of South Vietnam's forces, but this effect is now beginning to wane.

The full impact of the new military government in Saigon or the measures now being taken by the US can neither be effectively measured nor clearly projected at the present time. In the present circumstances, it appears that the Viet Cong have expanded their capabilities over the past year at a greater rate than has the government. They have the ability to launch simultaneous actions, or more likely, a series of actions along recent patterns, with which government forces cannot adequately cope. Such activity could result in further piecemeal destruction of government units, expansion of Viet Cong-held territory, enhancement of the "Liberation Front" image abroad, and deterioration of the government's willingness to continue the struggle.

The Military Situation

1. The greater intensity of the fighting in South Vietnam is clearly reflected in the rise in personnel and weapons losses of both the government and the Viet Cong since late 1964. At the same time, the number of total Viet Cong initiated incidents is averaging somewhat below 1964 levels; the trend noted since early 1964 of fewer but larger Viet Cong attacks continues. The casualty rates show seasonal and even weekly fluctuations, with the heaviest losses coinciding with periodic Viet Cong offensives. Government forces are killing more Viet Cong than in the past, although there has been little change over the past 12 months in the rate of large government operations, which has been sustained at about 320-380 per month.

2. During the one significant period of the past year when the Communists allowed the initiative to fall to the government--the lull in March and April--the Viet Cong suffered a relatively high casualty rate. This coincided with the marked increase in the government's air interdiction and close air support activity, primarily through the introduction of US jet aircraft. This air factor has permitted deeper government ground probes into Viet Cong dominated areas and bases. The step-up in May of Viet Cong activity, including the regimental assault on Song Be, capital of Phuoc Long Province, and an upsurge of attacks and ambushes in the northern provinces caused a sharp rise in government casualties, whereas Viet Cong casualties remained fairly static.

3. Casualties on both sides soared in the first two weeks of June, reflecting the major Viet Cong regimental attacks at Ba Gia in Quang Ngai Province, and at Dong Xoai in Phuoc Long. A total of 1,305 Viet Cong killed and captured in the first week of June includes an estimated 826 killed at Ba Gia. The following week, when government casualties further rose from the Dong Xoai attack,

Viet Cong casualties dropped slightly. In the two big actions, five government battalions were either partially or almost completely wiped out. Weapons losses, in June, meanwhile, continue in the Viet Cong's favor.

4. Over the past year, the ability of the Viet Cong to engage the government in sustained combat with forces of multi-battalion strength--first demonstrated as long ago as the battle of Ap Bac in January 1963--has been exercised with increased frequency. On several recent occasions--most notably at Binh Gia in December 1964, Ba Gia this May, and Dong Xoai in June--the Viet Cong have mounted operations involving reinforced regiments or elements of two regiments. This trend reflects not only the continued growth of Viet Cong main forces, and the fleshing out of main force units since mid-1963, but an increased willingness to risk heavy casualties.

5. In May of this year, there were 18 large Viet Cong attacks, out of a total of 40 armed attacks. The number of big attacks is comparable only to the month of July 1964, which had a record of 19 large-scale attacks out of a total 166. Eleven of the attacks in May were of at least battalion strength compared to 12 last July, and two were of regimental size. The number of Viet Cong killed in May was almost 800 greater than in July, the result of effective air support against larger Viet Cong concentrations.

6. The possible extent and specific goals of the Viet Cong offensive this summer cannot be determined, although their purpose evidently is to inflict maximum damage and demoralization on the South Vietnamese forces, while consolidating and extending their own control. Their main force capability has by no means been fully committed as yet, and it is by no means certain that the Viet Cong are prepared to go all-out. Despite the fact that they are now taking greater risks, the Viet Cong have not abandoned past patterns of husbanding forces and employing them where they have advantages of strength, terrain, and weather.

9. There continues to be evidence that sizable forces remain in the Phuoc Long-Binh Long Province area north of Saigon; the government is holding two more airborne battalions in this area. Large Viet Cong forces remain in the Quang Tin-Quang Ngai border area in the north.

25X1

[redacted] South of Saigon, where there have been low-level reports of concentrations in the Long An-Hau Nghia area, a large

attack occurred on 26 June in Hau Nghia Province. The delta has experienced relatively few large-scale Viet Cong attacks over the past nine months, possibly because its terrain is more favorable to government combined air-ground assaults, some of which have scored major successes. The region nevertheless continues to suffer the highest rate of Viet Cong harassing actions, and it harbors three identified Viet Cong regiments.

10. The Communist summer offensive to date has been characterized by two major endeavors: 1) the effort to chew up government units by strong attacks in remote or isolated areas, and the ambush of government relief and reaction forces; and 2) intensive sabotage of major land routes in an effort to sever connections between Saigon and provinces to the north and between the coast and the highlands. At the present time, the coastal railroad is operable only between Nha Trang and Phan Thiet to the south of Phu Yen Province. Coastal Highway 1 has been closed in three northern provinces, and most of the other major routes, and some secondary ones, leading north and east from Saigon or into the highlands have been cut. Roads in the delta are open, but harassed.

11. The present Viet Cong sabotage pattern indicates a distinct departure from the past, although the rate of sabotage incidents in May is still below the very high levels of last August through October. The sabotage last fall, however, did not seem to be aimed deliberately at permanent interdiction of major land routes, whereas the present activity appears designed to knock out key bridges, destroy major sections of roads and rail ties, and harass repair crews. This new effort, in short, aims at blocking rather than merely impeding government land movements. The Viet Cong intent is probably to isolate key towns, forcing greater government reliance on air for resupply and rescue missions. The Viet Cong may hope thus to grab and hold new territory. The pattern of sabotage also suggests an intent to disrupt economic activity, hitherto allowed by the Viet Cong to function with minimal harassment.

Economic and Sociological Factors

12. Despite the war, a substantial amount of economic development has taken place in South Vietnam, during the past year. There have been increases in both agricultural and industrial production. Partly stimulated by the demands of the war effort, unemployment has been reduced and serious inflation has thus far been avoided. However, the budgetary deficit has widened, and foreign exchange reserves have dropped drastically, as import demand continues to rise, and export earnings drop.

13. The rice situation has been a source of concern since last November. The major factors in the problem are identified as increasing transport difficulties due to insecurity, severe flooding in central Vietnam last fall which caused a local drawdown of stocks, the lack of a clear-cut government rice policy, and the inability of the government to counter both Viet Cong interference and speculation by rice merchants. The problem is now particularly manifest in the lower deliveries of rice from the delta to Saigon, the lower stocks in Saigon and in provincial centers, the cessation of rice exports, and a trend toward higher prices, which became marked in April.

14. Inflationary pressures are now mounting as goods destined for the northern provinces compete with priority military cargoes for limited air and shipping alternatives to road and rail traffic; the pressures have increased with fear of interdiction of roads from Saigon to the delta, and with hoarding in Saigon of goods expected to become in short supply. Moreover, road interdiction has affected shipments from rubber plantations to the north and east of Saigon; four plantations closed down after the battle of Song Be, and additional closures appear likely. Contract truckers are refusing to carry POL on some roads north of Saigon or westward into the highlands from cities on the coast. Repeated sabotage since May of the power line supplying electricity to Saigon from the Dalat area is prompting a search for alternate sources of electric power.

15. During the past 12 months, one of the most noticeable areas of increased Viet Cong economic activity has been that of taxation. Although total taxes collected by the Communists are unknown, their rate of taxation on incomes, production, and transportation seems just about to have doubled, and their revenue collection has recently been estimated at half that raised by the Saigon government. Evidence of Viet Cong commercial activity is fragmentary, but they are believed to own outright some commercial enterprises, particularly in the production and marketing of rice and charcoal. They are clearly involved in clandestine import activity, particularly the smuggling of consumer goods and drugs, including items of bloc manufacture. There is increasing evidence that they are active in the export picture as well, pocketing the proceeds of fish, rice, and charcoal exports.

16. This economic activity is in part a measure of the gradually expanding Viet Cong control of rural areas. Statistics over the past year show an almost steady though slight drop in the percentage of the rural population under government control. The statistics are less favorable when it is considered that only about 35 percent of the rural population are in areas considered pacified, while about 10-20 percent under government domination live in areas undergoing pacification, and about 20-30 percent in areas merely cleared of Viet Cong units.

17. A slight increase in the population under government control was reported between March and April. This coincides with a period of reduced Viet Cong aggressiveness, and may reflect the increased number of refugees from fighting earlier in the year and from the airstrikes since late February. The refugee population on 12 June was reported at 380,000, all but about 50,000 of them in I and II Corps.

18. Some insight into the recent situation in the provinces is available from scattered province reports. During the general standdown in Communist military activity in early spring, the Viet Cong nevertheless infiltrated all 30 land development centers in Darlac Province, completely dominating nine of them. The government, meanwhile, withdrew from the northernmost district of Binh Tuy Province, a rice producing area, and recovered only about half of the population as refugees. In heavily Viet Cong infested Kien Hoa Province in the delta, the government appears to be holding its own in areas already pacified, but failed to extend the program during the lull. The Viet Cong, meanwhile, were reported to be further consolidating their apparatus in areas of Kien Hoa under their control.

19. There have been signs over the past year of growing antipathy toward the Viet Cong in rural areas. Restiveness appears due primarily to harsher Viet Cong taxation policies, deceptive land promises, and increased requisitioning of supplies. Another factor is reported to be popular fear of increased air strikes. Dislike of the Viet Cong has not so far taken the form of greater support for the Saigon government.

20. A morale problem also appears to be affecting some Viet Cong troops as well. The number of Viet Cong soldiers defecting to the government under the Chieu Hoi program has risen sharply in the past two months over past levels; "ralliers" frequently claim that the numbers would be higher if the Viet Cong did not fear mistreatment at government hands. The rate of the past few weeks has continued high despite a number of Viet Cong military and psychological victories in May and June.

21. Although Viet Cong military prisoners over the years have often claimed that morale in their units was low because of the severe hardships and stern discipline of Viet Cong military life, some in recent months have claimed that conditions have

worsened, that serious food shortages exist, and that stepped-up air activity has caused considerable panic. Some report growing defeatism because of the attacks on the North. Other prisoners have claimed, however, that the strikes themselves cause few losses except for direct hits; at least one prisoner belittled the accuracy of the F-100 and claimed that it was less feared than the armed helicopter.

Communist Infiltration and Manpower

22. Except for the presence in some Viet Cong main force units of a high percentage of youths 16 or younger, and obvious concern in Communist propaganda over government recruitment efforts, there is little available information on the current rate of local manpower being absorbed by the Viet Cong. Because of the time lag which generally occurs between the arrival of an infiltration group from North Vietnam and its detection, there is no firm evidence on the current rate of infiltration or the effectiveness of the air strikes in the North in hampering it.

23. Over the past twelve months, however, a marked shift in the character of infiltration has become apparent, with the increasing infiltration of native-born North Vietnamese youths rather than regrouped southerners as in earlier years. Hanoi apparently began to send these groups, in most cases drafted and trained specifically for service in South Vietnam, about the beginning of 1964, although their presence was first detected about mid-year. By March of this year, COMUSMACV had confirmed the infiltration during 1964 of approximately 4,900 men, and had evidence of another 3,200, for an overall total of 8,100. Of the total, about 6,000 apparently entered South Vietnam between January and June, and the remainder between June and December. The total infiltration for the second half of 1964 will almost certainly be substantially raised as more evidence becomes available, and may approximate the rate of the first six months.

24. In 1965, thus far, 5,600 infiltrators have been reported, with additional evidence that the total may be as high as 8,600. Most of these 1965 groups

apparently departed for South Vietnam prior to the initiation of regular air strikes against North Vietnam. If presently available evidence of infiltration during 1965 represents a sustained rate, the level of infiltration this year may be considerably higher than in 1964.

25. The infiltration of regular PAVN units, represented by the elements of the 325th Division, marks a further change in the character of infiltration this year. The previously noted draftee battalions have been integrated into the regular Viet Cong main force structure.

26. Detailed evidence on the volume of war material being shipped or transported overland to the Viet Cong from North Vietnam is not available. That it is sizable, and increased considerably during 1964, is indicated in part by the rising ratio of newer-type bloc-manufactured weapons being captured from the Viet Cong. An analysis of weapons captured during 1964 showed that about 23 percent of those examined were Chinese-made; this compares with eight percent in 1963. Since late 1964, an increasing amount of arms captured include light machine guns, various types of submachine guns, and assault rifles, all of which use the 7.62 mm. ammunition. It now appears that about one-third of Viet Cong main force units have been reequipped with the 7.62 weapons--which could mean as many as 20,000 in the country.

27. Since the 7.62 mm. weapons family uses a type of ammunition only obtainable from bloc sources, the Communists would appear to be confident that their infiltration system is sufficiently well-established to provide them adequate stocks or re-supply. Evidence of the past six months tends to confirm that a substantial quantity of materiel has entered by sea. Measures to interdict this traffic by sea are being expanded, but the success of these steps cannot yet be determined.

28. Viet Cong main force combat strength is now confirmed at 47,750, an increase since 1 May through the confirmation in mid-June of two additional Viet Cong battalions in the area immediately north of Saigon. This brings total confirmed Viet Cong battalions to 66, including one of the PAVN battalions. Other confirmed Viet Cong main force units remain unchanged at nine regimental headquarters, 188 separate companies, and 114 platoons. With the addition of some 17,600 combat support and headquarters troops, total confirmed Viet Cong regular strength now numbers 65,350. The total armed Viet Cong strength--regulars and guerrilla irregulars--numbers 157,105. An additional reported, but unconfirmed, two regiments and 18-20 battalions, would raise this total by some 5,500 to 6,000.

29. The increased Viet Cong strength figure from 31,000 regulars a year ago reflects the uninterrupted growth of the Viet Cong main force structure since at least 1960-1961. While growth is reported substantial during the past year, the sharp increase during 1965, results in part from new evidence permitting the confirmation of units already in place; in addition, COSMUSMACV's order of battle holdings were reevaluated to bring them into line with those of the South Vietnamese armed forces and those maintained for operational purposes. This reevaluation resulted for the first time in the inclusion of the combat support category, thus jumping the total for regulars from 39,000 in March to over 65,000 at present.

South Vietnam - US Military Manpower

30. South Vietnamese military strength has also risen during the year, as a result of an intensive effort to expand both the regular and paramilitary forces. A year ago, there was only a 4:1 ratio of government to Viet Cong combat strength, and by September and October, the higher desertion rates of 1964 and the heavy casualties during the Viet Cong 1964 summer offensive indicated serious attrition of government forces. Measures

were introduced to increase the attractiveness of government military service, including pay raises, improved allowances for dependents and survivors, and battlefield awards and promotions.

31. The regular force and the Regional Force have now registered an almost steady growth from 215,235 and 87,317, respectively, in June 1964, to 256,931 and 105,506 at the end of May this year. On the other hand, the Popular Force, at the bottom of the military totem pole and the most subject to the vicissitudes of local security and officialdom, rose steadily from 99,611 in June 1964 to a peak of 168,800 in January, then dropped to about 150,500 this May. In addition to heavy desertions and high casualties, funds allocated for recruitment into the Popular Forces have not been spent by the provinces. Steps are now being planned under the current military government to remedy this problem and to build new training centers.

32. The encouraging rate of growth for both the regular and paramilitary forces in the latter half of 1964 has not been sustained during 1965. At the current rate of expansion, it seems unlikely that authorized ceilings approved in January 1965--275,058 for the regular armed services and 322,187 for the combined paramilitary--will be met by the end of the year. Despite a current induction rate into the regular force of 13,000-14,000 per month, continued heavy desertions--even while declining since March--plus heavy casualties in the periods December-February and May-June, have tended to offset inductions.

33. The average government infantry battalion is reported to number about 350 effectives, although some general reserve units are fielding about 650 men. By contrast, Viet Cong battalions, while varying from 250 to over 700, average about 450. As a result of combat since late May, US advisers rate four South Vietnamese government regiments and nine battalions as combat ineffective. After last year's summer offensive, two regiments and six battalions were so rated, and the number dropped to one regiment and eight battalions in December. The present combat ineffective units include two of the 11 general reserve battalions.

34. US military strength in South Vietnam has increased in the past year from some 16,500 in June 1964 to a present 48,900, of whom about 13,000 are now combat troops. The figure will increase substantially with the arrival of combat units already earmarked for deployment to South Vietnam. Except for improved security of major base areas, the impact of this increase has not yet been felt in actual combat.

35. The greater employment of US air power since February, particularly jet aircraft, has made a significant contribution to the government military effort; often it has spelled the difference between success and defeat in ground combat. Improved techniques are being developed which may make it possible to locate Viet Cong main force units in their base strongholds, and to destroy them through combined air/ground force operations. The limited experience with these techniques so far, including the B-52 saturation bombing on 18 June, has yielded little evidence of direct bomb destruction of Viet Cong installations or forces; however, there has been evidence of sufficient disruption of Viet Cong forces, to permit destruction of camp facilities by penetrating ground forces.

36. The stepped-up US commitment, both in air power against the North and the South and in troop strength, provided a clear boost to the morale of the South Vietnamese government and populace, after a period of growing war-weariness, political decay, and growing talk of peace. The effects of this morale lift have now begun to wane, as it has become evident that the war is dragging on. A noticeable drop in South Vietnamese morale followed the renewed successes of the Viet Cong in May and June. Some senior commanders are adopting an increasingly defensive military posture, and there could be some danger of a tendency to let the US carry the major burden.

The Political Situation

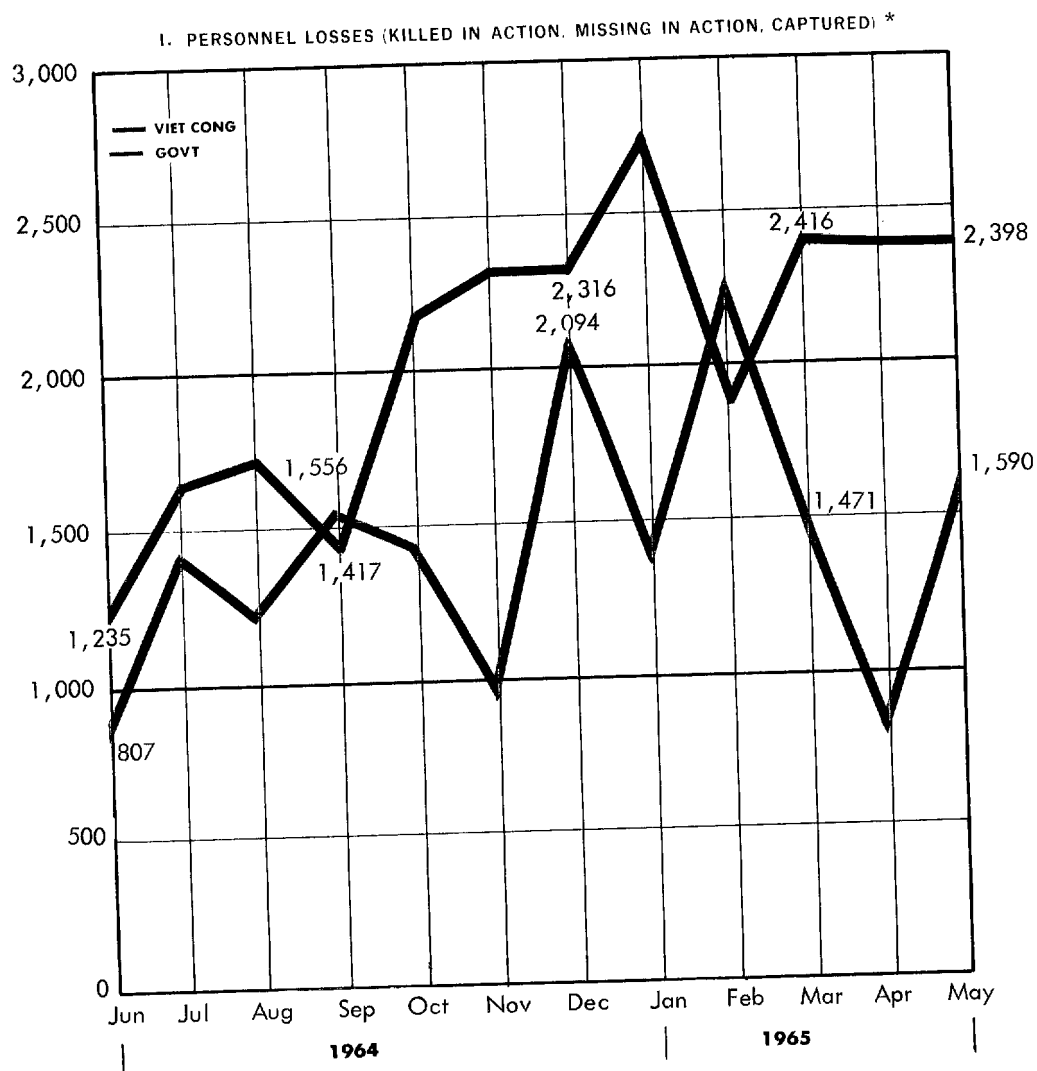
37. The political situation in South Vietnam continued to deteriorate during the past year; at the same time, the South Vietnamese demonstrated their ability to resist total collapse and even to recover some of the lost ground. A year ago, the prospects of the Khanh government were declining. General Khanh's unsuccessful attempt to tighten his authority in August, nearly shattered any semblance of cohesion: Catholics and Buddhists resorted to open violence, labor mounted a work stoppage in Saigon, paramilitary tribesmen staged a minor revolt in September, and military diehards mounted an abortive coup.

38. The attempts at restoration of civilian control foundered, in January under renewed Buddhist agitation and military intervention, and in May under Catholic and southern political pressure. Two new coup attempts, however, were easily survived. At the present time, there is a prospect that under a new and younger group of military leaders, backed by new civilian political and economic talent, drastic changes in the prevailing military, political, economic and social patterns, will mobilize the country's resources behind the war effort. The basic political and religious conflicts have not been resolved, and there are strong reservations on the part of influential figures over some of the new government leaders. For the moment, however, influential public figures appear reluctant to provoke new turmoil, and inclined to give the new government programs a chance.

39. The radical changes envisaged by the new government, may overstrain the limited administrative capabilities of the country and create serious dislocations, particularly in the economic field. This, together with harsher government controls, could enhance the danger of a violent public reaction. Dissension may develop over the determined, but politically inexperienced and hitherto erratic, premier, Ky, or over the political and Catholic ties of chief of state General Thieu. Infighting may arise over the ambitions of the generals, despite their present unity of purpose. The degree of political stability in Saigon will continue to affect the military situation, and in turn, be affected by it.

25X1

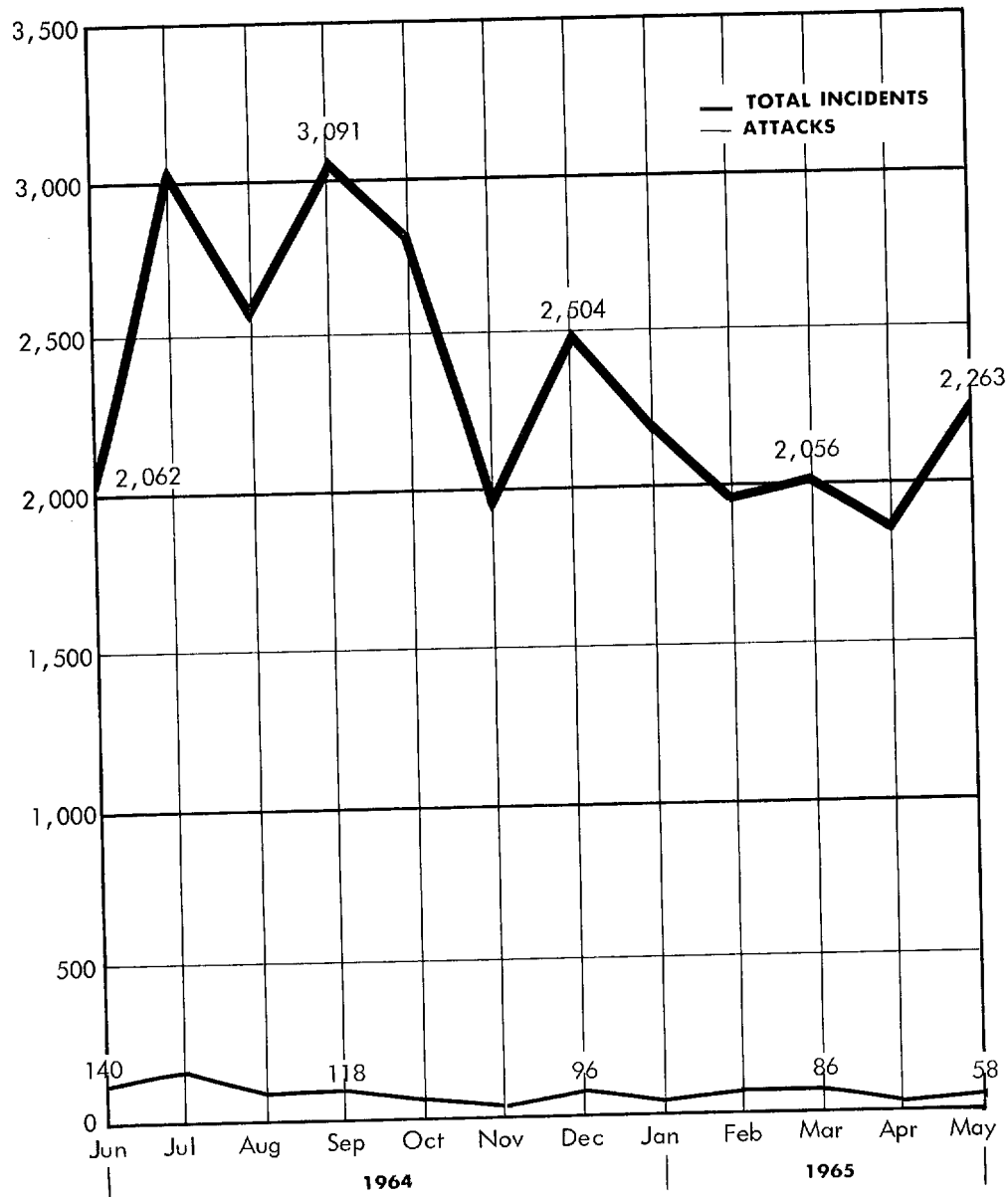
SOUTH VIETNAM BATTLE STATISTICS MONTHLY REPORT



* Wounded not included. Such figures unavailable on Viet Cong. 650628 3 A

SOUTH VIETNAM BATTLE STATISTICS MONTHLY REPORT

II. INCIDENTS - VIET CONG

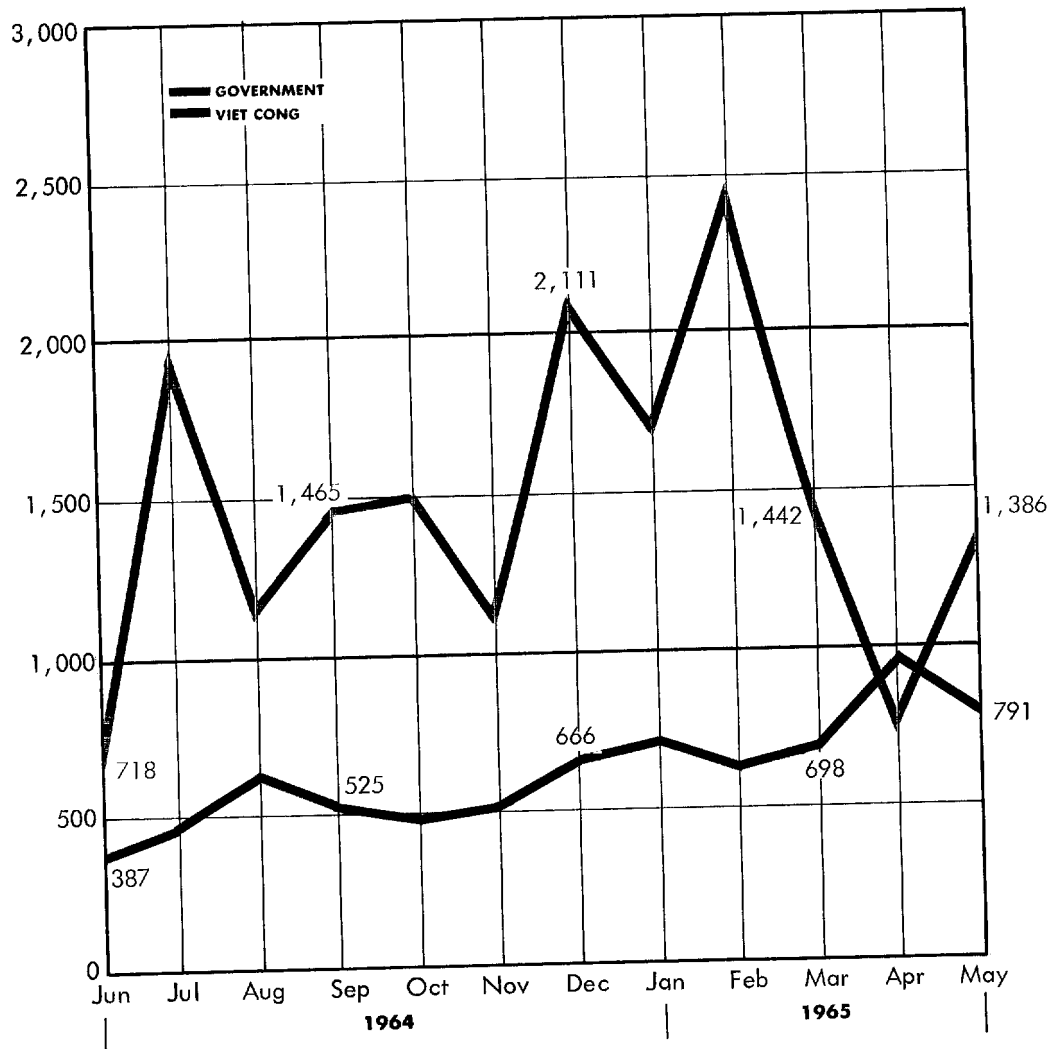


6506 25 98

25X1

SOUTH VIETNAM BATTLE STATISTICS MONTHLY REPORT

III. WEAPONS LOSSES



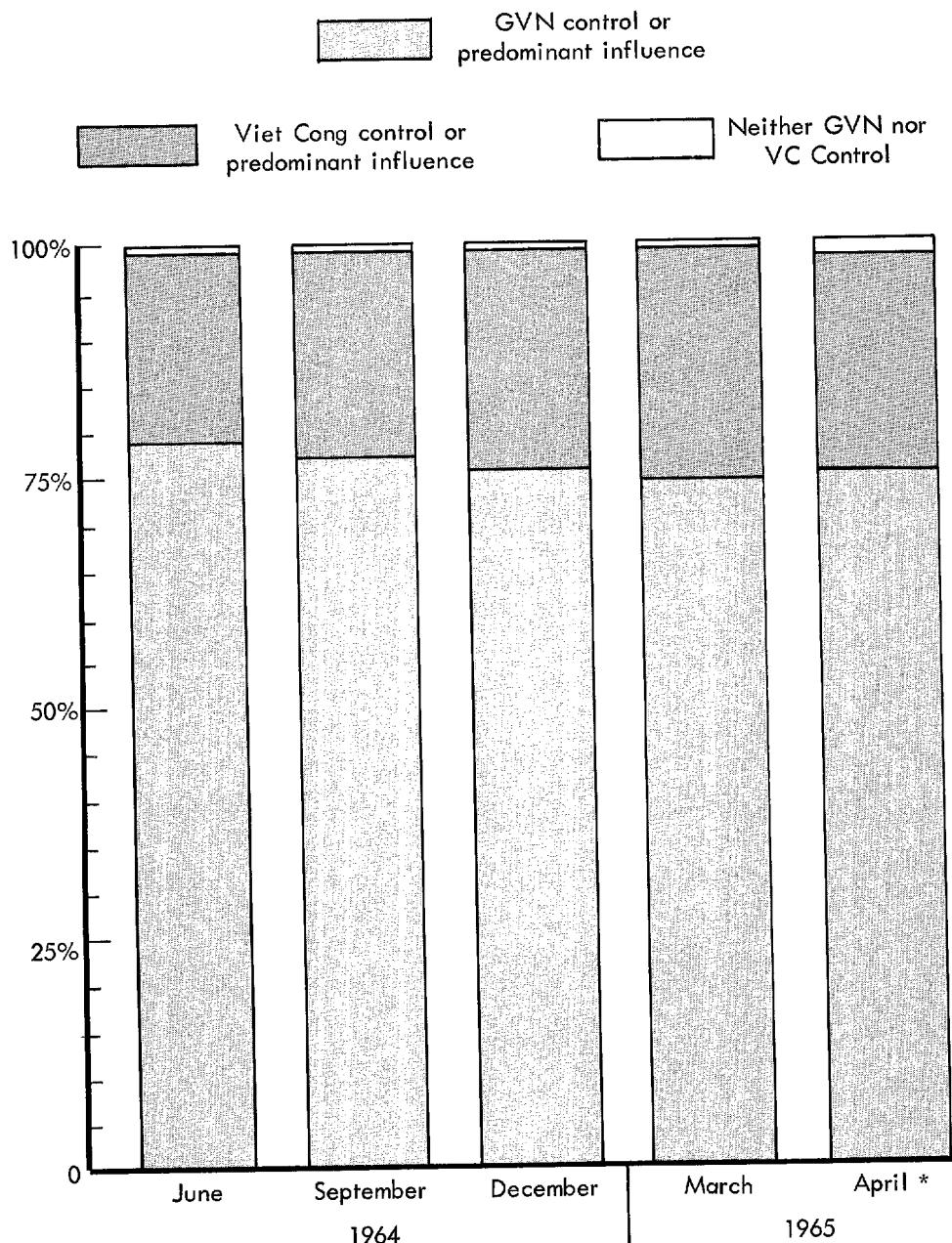
650625 9 C

25X1

25X1

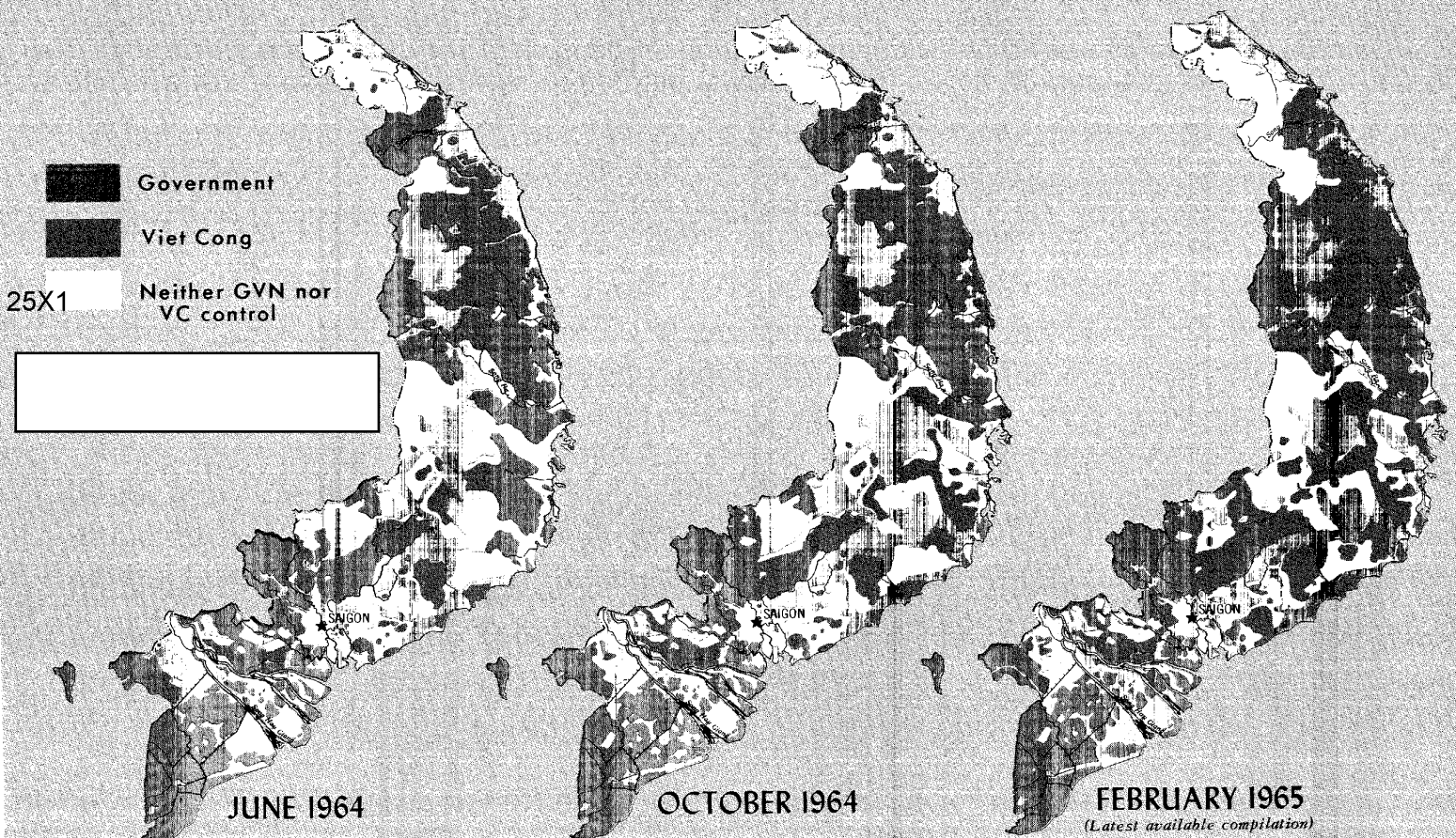
DEGREE OF RURAL POPULATION CONTROL GVN AND VIET CONG

(Rural Population Base approximately 13,000,000)



650628 3B

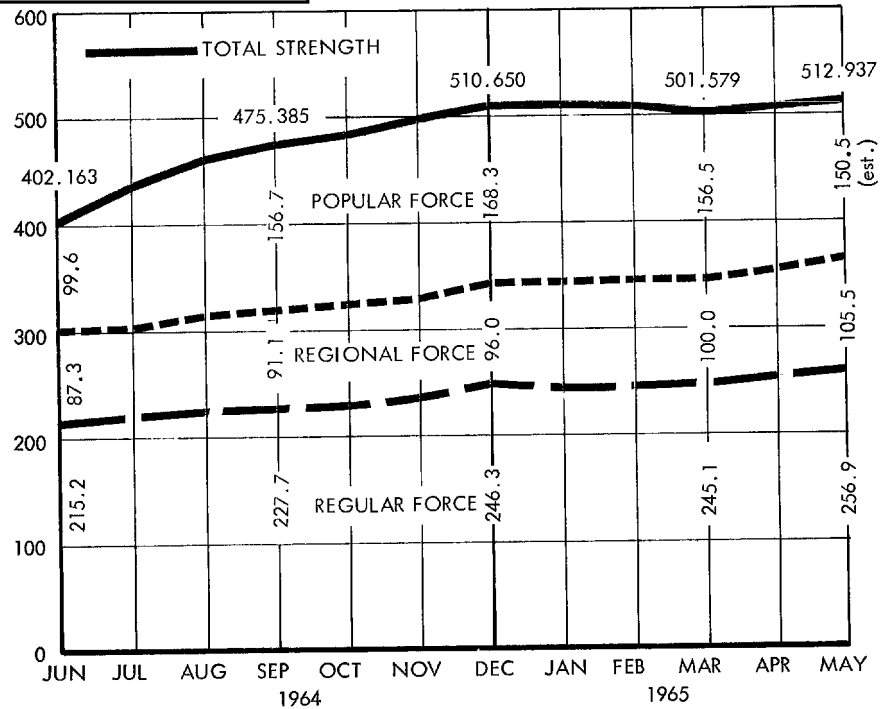
SOUTH VIETNAM



47973

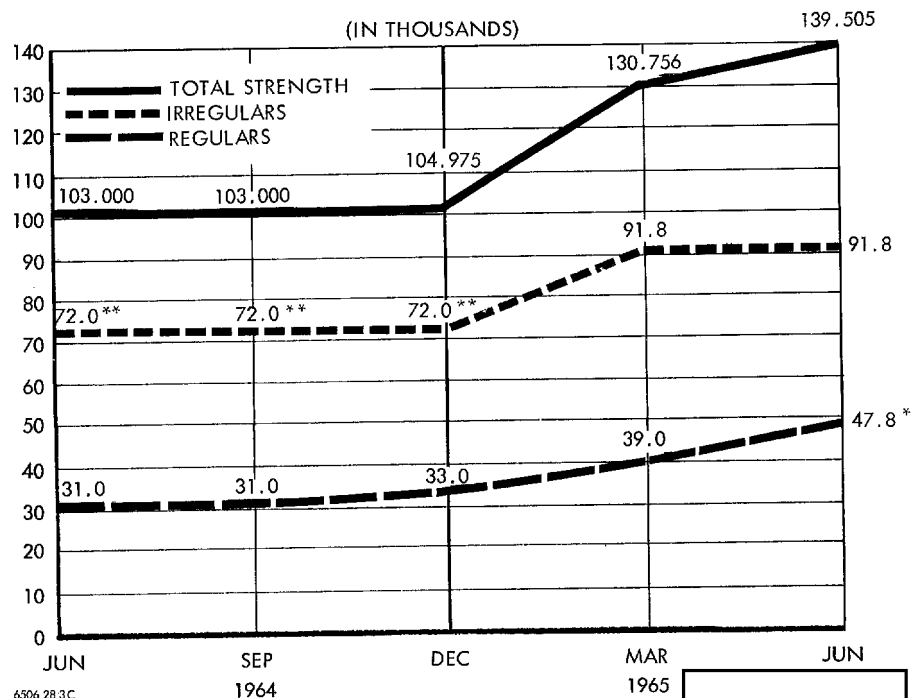
SOUTH VIETNAM COMBAT STRENGTH

MONTHLY REPORT
(IN THOUSANDS)



VIET CONG COMBAT STRENGTH

(IN THOUSANDS)



* Plus 17,600 combat support and headquarters troops.

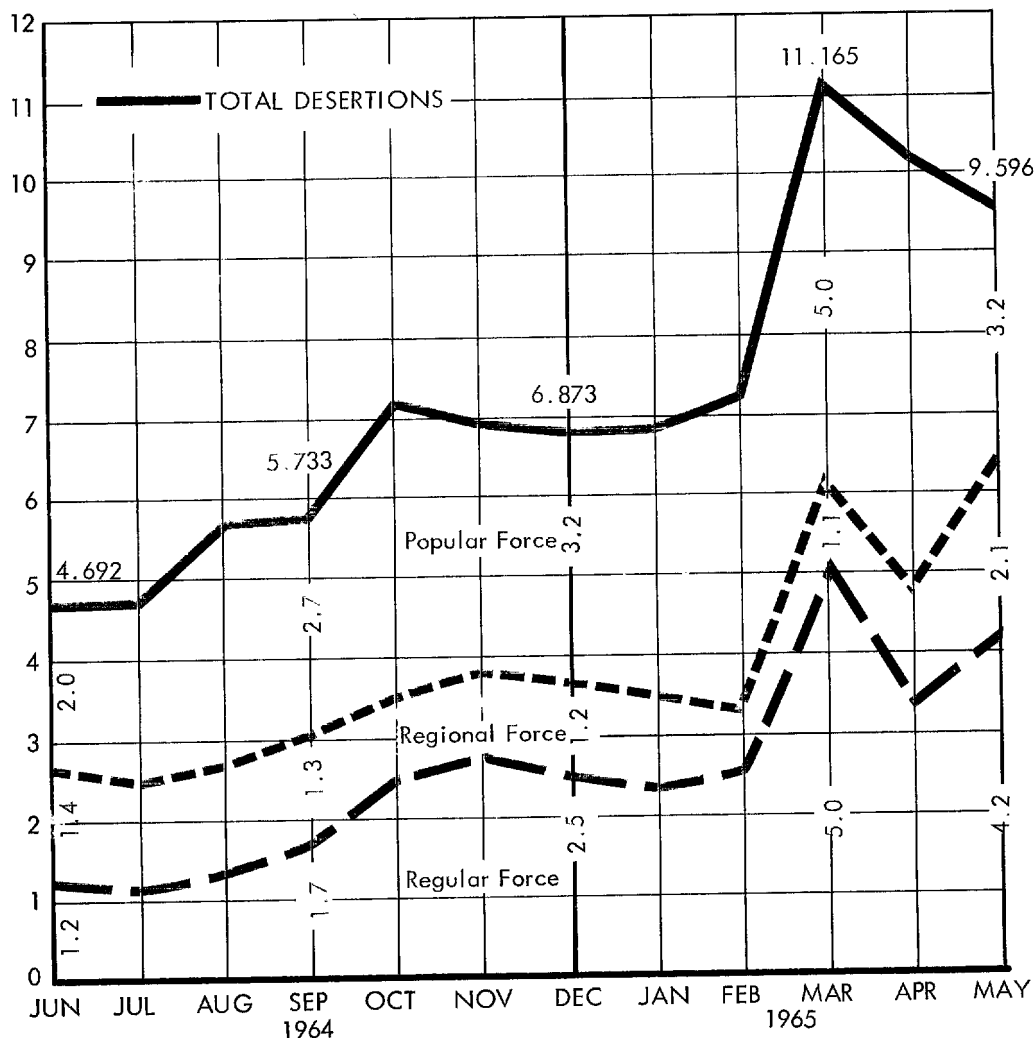
** Estimated

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

RVNAF DESERTIONS

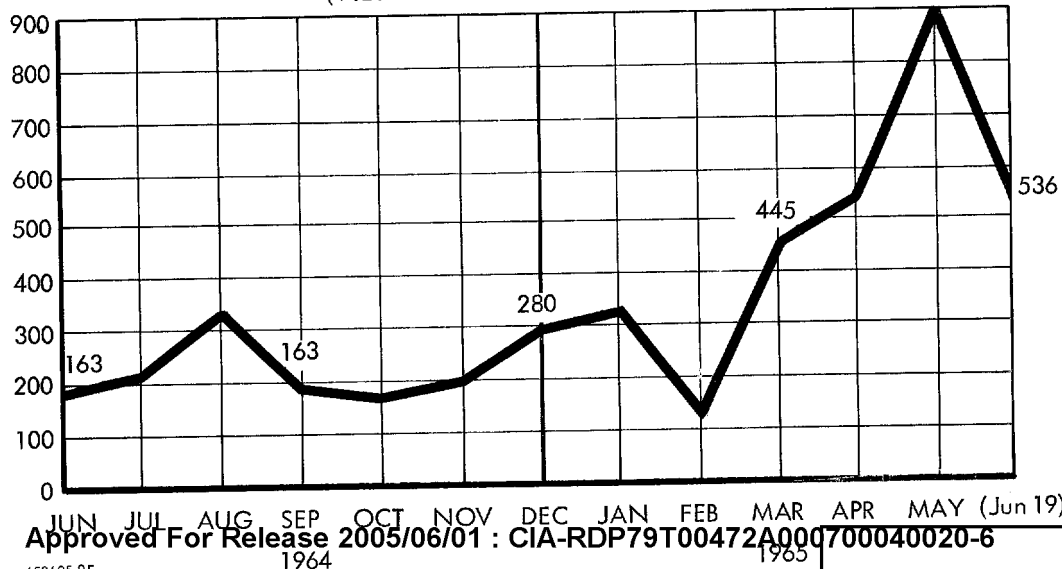
MONTHLY REPORT

(IN THOUSANDS)



CHIEU HOI RETURNEES

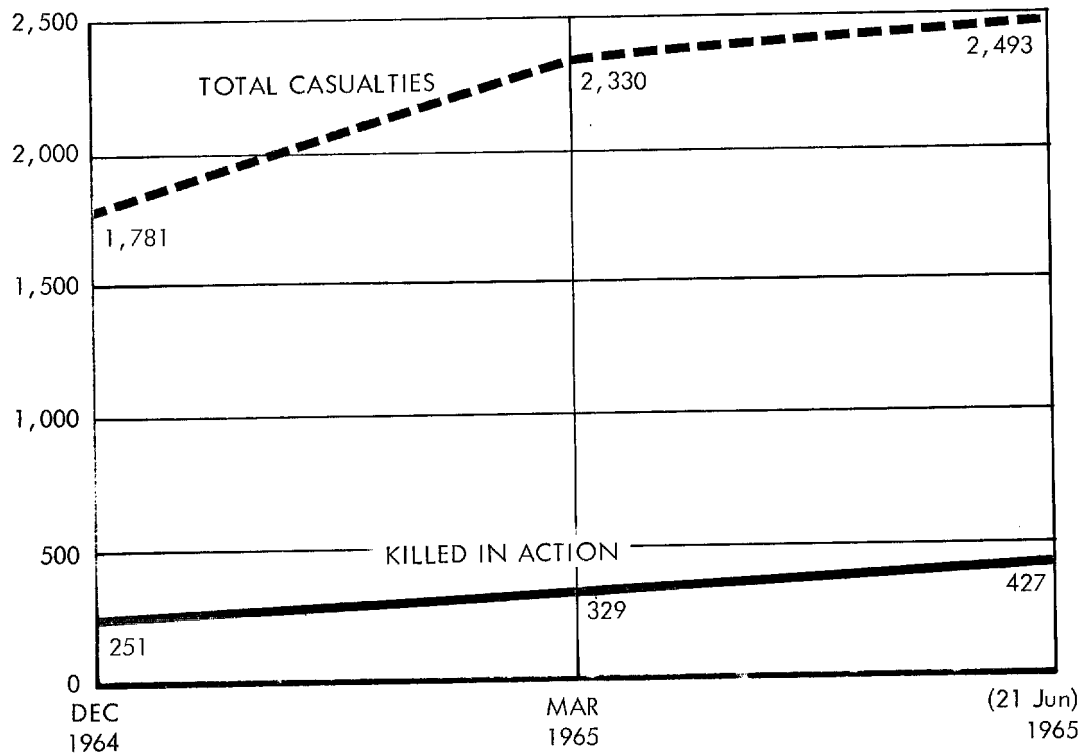
(VIET CONG MILITARY DEFECTORS)



Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

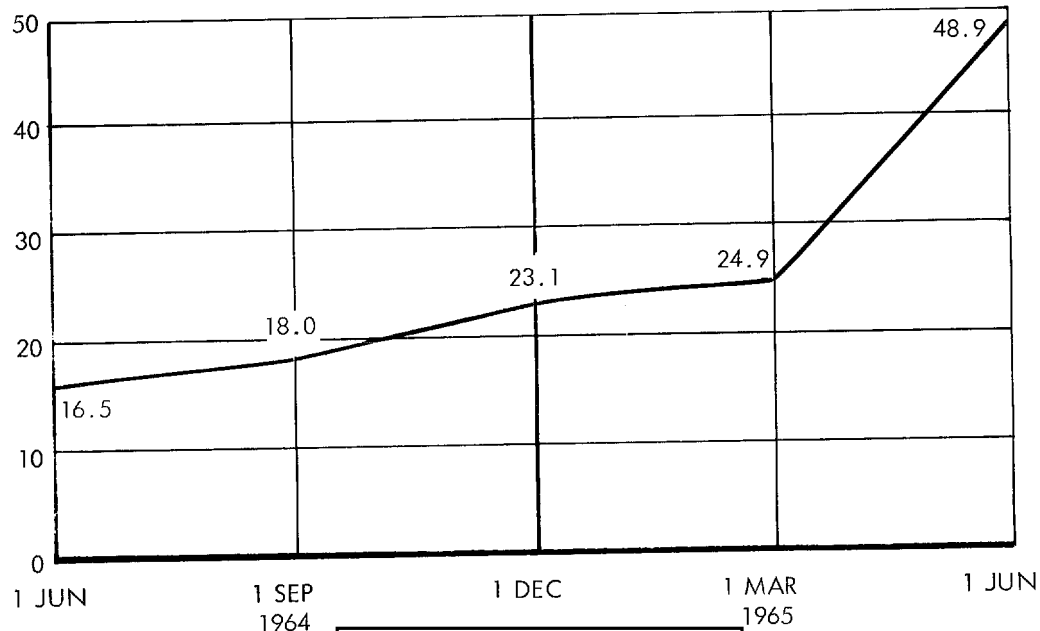
25X1

CUMULATIVE US MILITARY CASUALTIES IN SOUTH VIETNAM



US MILITARY PERSONNEL IN SOUTH VIETNAM

(IN THOUSANDS)



650625 9E

25X1

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

~~TOP SECRET~~

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

~~TOP SECRET~~

STAT

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6

Approved For Release 2005/06/01 : CIA-RDP79T00472A000700040020-6